

Delancey Street president Mimi Silbert discussed a project with (from left) Roger McKay, Tony Barrios and Jack Garrow

■ SMALL BUSINESS

Delancey St. Ex-Cons Mean Business

BY STEPHEN MAITA

When work begins on a new 400,000-square-foot headquarters for Delancey Street Foundation later this month, the construction crews will be made up of former convicts and junkies.

Not your typical hard-hats, but street wise residents of the famed rehabilitation center who have been trained in construction. Under the supervision of Aperesy Construction, residents will build the \$25 million residential-commercial complex near San Francisco's waterfront.

If it's surprising that Delancey does its own construction, consider some of its other businesses — home moving, catering, printing, wood products and wholesale marketing.

"We're like an Israeli kibbutz," explained Mimi Silbert, the diminutive 44-year-old Boston native and president of Delancey Street. "Everyone works here — our survival depends on it. We accept no government funding and don't even apply to foundations."

For Delancey, its products and services are important but its workers are its real interest. They don't get paid,

but they get something more important: a place to live and job training.

Over 16 years it has turned thousands of hard-core, "unemployable" criminal offenders into the mainstream economy. While there have been dropouts, the results have earned the praise of everyone from Nancy Reagan to Governor Deukmejian. Virtually all "graduates" land jobs when they leave, with some even going on to become marketing executives, accountants and attorneys.

One byproduct of Delancey's 10 training programs is a thriving conglomerate of businesses that will generate an estimated \$3 million in revenue this year. Clients range from BankAmerica Corp. to Mirassou winery to the city of Santa Fe, N.M.

When BankAmerica was trying to fend off a takeover by Los Angeles-based First Interstate Bancorp last year, it was Delancey Street that cranked out thousands of "FIB Buster" buttons, bumper stickers and lollipops ("lick First Interstate") for BofA employees.

Similarly, the rehab landed the contract to supply 120,000 buttons for the "Hands Across America" campaign.

Delancey's moving company is now the largest San Francisco-based mover with 60 full-time workers and 200 part-timers.

Its wood products enterprise puts together customized labels and boxes for San Jose-based Mirassou.

The \$500,000-a-year marketing department supplies knickknacks to 2,700 college bookstores nationwide.

And its furniture unit recently constructed the chairs and tables for the Sante Fe City Council chambers.

Real Estate Investments

The foundation has also made savvy real estate investments. By picking large, rundown property — "white elephants," Silbert calls them — in exclusive areas and renovating them, Delancey has amassed a real estate portfolio valued at about \$15 million.

The showpiece is Delancey's current headquarters, a 40-room Pacific Heights mansion at Broadway and Divisadero. When Delancey bought the corner lot 14 years ago, creating an uproar among affluent neighbors, it paid less than \$200,000. Today, after several renovations, the properties value may be closer to \$3 million, Silbert said.

Timing was also important six years ago when the center purchased a Tudor-style mansion on 92 wooded acres in Brewster, N.Y., 70 miles north of New York City. The prime interest rate has soared to about 20 percent and mortgage loans were hard to find. But Delancey, which just sold some property in Sausalito, came in with a "very low" cash offer for the abandoned estate. Its appraised value today: \$3.5 million.

Delancey Street's portfolio also includes a 17-acre New Mexico ranch, purchased for \$300,000 and valued at several million currently, another Pacific Heights home and a large center at Eighth Avenue and Fulton.

But in an effort to raise money for its new headquarters at First and Brannan streets, the foundation has agreed to sell its smaller Pacific Heights home and is in the process of selling the Eighth and Fulton property across from Golden Gate Park. The deals could raise \$5 million.

However, Silbert said she won't sell the Broadway and Divisadero mansion, where the center's executive offices are located and a number of residents live. "That's symbolic to us," she said, recalling early neighborhood struggles to keep it.

Started by Addicts

Started in San Francisco 16 years ago by four drug addicts with a \$1,000 loan, Delancey was named after a street on New York's lower East Side that was a haven for immigrants at the turn of the century. Silbert, a criminologist who has worked in prisons, organized the foundation's self-supporting industries after an Israeli kibbutz.

Delancey Street takes only hardened criminals who are willing to abide by its strict rules; it turns away all sex

offenders. The program has become so popular with the courts and prisons that it now has more than 700 residents nationwide and must turn away 90 percent of those who apply.

More than half of Delancey's residents are minorities, who typically have been in and out of prison four times. Many are illiterate and few have held down a job for more than six months.

"Most of these people have fallen through all our systems," Silbert said. "Nothing else seems to work. Even if we agree these people should be punished, at some point they all come back. Somebody has to teach them how to make it legitimately in our society."

Delancey has amassed a real estate portfolio valued at about \$15 million

That's what Delancey does. Residents start with the lowest work, sweeping floors and cleaning dishes. They begin working their way into the training programs. As they progress, they eventually become teachers and supervisors, passing what they've learned on to newcomers fresh off the street or out of prison.

Before they leave, they must learn three skills — from computer programming to retail sales to auto repair. After about four years, they're sent out into the working world to fend for themselves. "Just like Harvard," quips Silbert, "only they really learn something here."

They also have less free time. Long days start with breakfast at about 7 a.m., followed by a morning classroom session in which vocabulary is taught or a book is reviewed. After group singing, work begins at 9 a.m. and lasts until 4:30 p.m., interrupted only by lunch and seminars on such subjects as money management.

After a candlelight dinner, where coats and ties are often required, there are more classes, including music and art appreciation for residents working toward their high school equivalency degree. When the residents finally go to bed sometime after 11 p.m., Silbert is just beginning her paperwork.

The results pay off. One graduate, Lewis Lillian, a former heroin addict, runs the anti-graffiti program for Mayor Dianne Feinstein. Another, Rick Mariano, is a commercial real estate broker. And still another, Bill Toliver, is a deputy coroner for the city.

For Silbert, Delancey Street has to be all business. "If we treat them like children, they never become adults," she said. "They have to learn they can't get away with anything on the job. If they're five minutes late to work, that becomes a big issue."

Residents also must look the part. Men preparing for marketing and computer programming careers, for example, wear shirts and ties. "If you want to make it in the real world," explained Silbert, "you've got to look like you should be sitting at a desk at IBM."